

Message Text

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51

ACTION NEA-13

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 ISO-00 IO-14 COME-00

INT-08 PA-04 PRS-01 USIA-15 SCI-06 FEA-02 SPC-03

SAM-01 AID-20 EB-11 NSC-10 RSC-01 CIEP-02 TRSE-00

SS-20 STR-08 OMB-01 CEA-02 L-03 H-03 DRC-01 /212 W

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R 200430Z FEB 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 8809

INFO AMEMBASSY ABU DHABI

USCNT ALGIERS 0270

LPUESBE/AMEMBASSY BEIRUT 3482

AMEMBASSY BONN

USMISSION EC BRUSSELS

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY THE HAGUE

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY TEHJAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

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BEIRUT PASS BAGHDAD

STATE ALSO FOR T/IEP

EO 11652: NA

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TAGS: ENRG, KU

SUBJ: KUWAIT OIL AUCTION

REF: KUWAIT 0288 (NOTAL)

1. GOK COUNCIL OF MINISTERS DECIDED FEB 17 TO POSTPONE DECISION ON BIDS SUBMITTED THREE DAYS EARLIER BY 32 OIL COMPANIES IN OIL AUCTION HERE. AT STAKE WAS 462,000 BPD FOR SIX MONTH PERIOD ENDING SEPTEMBER 1974. MAIN REASONS FOR DELAY APPARENTLY WERE LOWER THAN EXPECTED BIDS AND ABSENCE FROM KUWAIT OF MINFINANCE AND OIL ATIQL. ANNOUNCEMENT RE WINNERS OF BID EXPECTED LATER THIS WEEK AND NO LATER THAN THURSDAY, FEB 21.

2. WE UNDERSTAND JAPANESE MOST NUMEROUS GROUP AMONG BIDDERS WHICH ALSO INCLUDED AT LEAST GULF (HALF OWNER OF KOC) AND STANDARD OF INDIANA AMONG US FIRMS. ALTHOUGH PRESS REPORTED SOME BIDS AS HIGH AS \$16 PER BARREL, APPARENTLY GREAT PRE-PONDERANCE OF OIL WAS BEING BID AT AROUND \$8-10 PER BARREL. ONE GERMAN COMPANY APPARENTLY BID AT 93 PERCENT OF POSTED PRICE. IN GENERAL BIDS WERE PROBABLY SIGNIFICANTLY LOWER THAN GOK ORIGINALLY ANTICIPATED WHEN IT FIRST DECIDED TO HOLD ACTION OF ITS ROYALTY CRUDE LAST MONTH. ON THE OTHER HAND KUWAITI PAPERS AND SOME OFFICIALS ADMITTED THAT RECENT WEAKENING OF OIL PRICES WAS LIKELY TO RESULT IN LOW BIDS FOR KUWAITI CRUDE.

3. COMMENT: IF KUWAITIS FIND THAT OIL AUCTION HAS NETTED THEM LITTLE EXTRA COMPARED TO TRADITIONAL MARKETING VIA GULF AND BP WILL BE INTERESTING TO SEE WHETHER THIS HAS ANY SOBERING EFFECT ON THOSE, PARTICULARLY IN NATIONAL ASSEMBLY, URGING GOK TO NATIONALIZE KOC AND, IN EFFECT, DECLARE ITS INDEPENDENCE OF MAJOR INTERNATIONAL OIL COMPANIES. ON THE OTHER HAND, PRESS ALREADY COMPLAINING THAT MAJORS GOT TOGETHER AHEAD OF TIME AND DECIDED NOT RPT NOT TO BID ABOVE \$9 PER BARREL.
STOLTZFUS

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